

The Breakdown on Bonding

"I am a former banker and I can tell you... that a bond is a loan, it's just another term for a loan and it is a tax increase."

*Rep. Chet Dobis (D-Merrillville)
House Floor Debate - January 25, 2006*

Bonding covers only 1/3 of the Major Moves Projects.

- The Toll Road has been losing money for years. Borrowing against future tolls will result in years of continued deficits and delayed improvements to the Toll Road.
- The State already plans to use federal highway funds for road projects. Bonding doesn't get the state new money – it receives less because of interest payments.

Bonding saddles Hoosiers with billions in new debt.

- The House Democrat plan takes out \$1.6 billion in loans that must be repaid with interest and will add to Indiana's transportation funding deficit.
- Indiana's debt has nearly tripled in the last 11 years and their bonding plan would increase Indiana's debt load 50%.
- In January, the state's credit rating increased to AA+ based on the fiscal responsibility of the Republican-led General Assembly and the Governor to honestly balance the budget and pay down debt. The House Democrat Plan looks to reverse that trend and again put Indiana at risk.

Bonding forces the Hoosiers to pay interest while Major Moves earns Interest.

- The House Democrat Plan will force Hoosiers to PAY \$80 million dollars in interest on these loans.
- Major Moves allows the State to EARN \$800 million in interest, including \$150 million in the first year.

Bonding adds to the State and local debt.

"We would propose to also have local bonding, which is also taking the future increases that the local government would get and they would be able to bond and that would compliment a lot of that."

Rep. B. Patrick Bauer (D-South Bend) from House Democrat News Conference – January 25, 2006

Which would you rather have a check for more than \$4 billion or an IOU for \$2 billion?

"If the bidders had offered the government a dollar for the Toll Road, it'd be a better deal," said Matt Will, a professor of finance at the University of Indianapolis. "So to get \$3.85 billion, that's phenomenal from a financial perspective."

Indianapolis Star – "Business Savvy Meets Political Reality" January 26, 2006

Illinois Democrat is keeping a close eye on Major Moves.

"Indiana, this week, gave Illinois billions of good reasons to take a more aggressive look at the potential for such an arrangement on our side of the border." -State Sen. Jeff Schoenberg, D-Evanston.

NWI Times – "Indiana Dems Propose Own Toll Road Plan" January 26, 2006